

MOUNT BAKER SCHOOL DISTRICT No. 507
Whatcom County, Washington
September 1, 1992 Through August 31, 1994

Schedule Of Findings

1. Chapter 1 Payroll Charges Should Be Supported By Time Distribution

The district overclaimed payroll costs charged to the Chapter 1 program in fiscal year 1994. The district charged 30 percent of an employee's payroll costs to Chapter 1 rather than the 21 percent documented by the employee on time distribution records.

U.S. Office of Management and Budget's (OMB) Circular A-87, *Cost Principles for State and Local Governments*, states:

Salaries and wages of employees chargeable to more than one grant program will be supported by appropriate time distribution records.

District personnel initially charged Chapter 1 payroll costs based on budgeted amounts. These budgeted amounts were subsequently adjusted to agree to time distribution records for Chapter 1 employees. The district unintentionally failed to make the adjustment for one employee.

As referenced in the Schedule of Questioned Costs, the error resulted in excessive payroll costs of \$4,170 charged to the Chapter 1 program not supported by time distribution records.

We recommend the district contact the federal grantor to resolve the issue. We further recommend the district review subsequent Chapter 1 charges to ensure all necessary adjustments are made to budgeted payroll expenditures.